

In order for free markets to work, there must be competition. (Even Adam Smith recognized that the "invisible hand" of free markets fails to work in the presence of monopolies and oligopolies.) Broadband providers have a natural monopoly/oligopoly in regional markets, because of the limitations of wireline access. It is no more reasonable for every broadband provider to own its own line into the home, than it would be for every trucking company to build its own highways or every airline to build its own airport.

Therefore, competition must be preserved by regulating open access.

The deleterious effect of limited competition in cable and broadband is evidenced by

1. Price increases at a rate that far outstrips inflation,
2. A record of very poor service and limited offerings to its customers, and
3. Business excesses throughout the cable and telecom industries.

I have two broadband lines into my home--one owned by Adelphia (currently under criminal indictment for financial fraud), and one owned by SBC (a company who has paid record fines for violating the law and fraudulently reporting its numbers to the FCC).

Phone and cable networks were not built by pioneering entrepreneurs who took great risks in a competitive environment. They were built as regulated monopolies, with rates set by government to ensure a fair return on investment, with competition limited by exclusive franchises, and with government subsidies in the form of low costs for public right-of-way access. For the cable and regional telephone companies to now proclaim the righteousness of free market deregulation (through public relations efforts and massive campaign contributions) is the height of self-serving hypocrisy. The public deserves open access to these networks.

The telcos' assertion that deregulation is required for widespread deployment of DSL has been debunked over and over again. An overwhelming majority of households have access to broadband and have chosen not to deploy it for reasons of un compelling offerings, high prices, and poor service--telltale signs of a noncompetitive industry. That notwithstanding, companies like Verizon have shown strong double digit growth in DSL subscriptions in a regulatory environment that still mandated open access.

Open access to the limited number of broadband lines into the home is ESSENTIAL to maintain consumer choice, reasonable prices, economic growth, and entrepreneurialism in the delivery of broadband services.

Equally important is the negative effect that "deregulation" will have on content. Open access is essential in order to ensure

a diversity of voices, pluralism in public discourse, and
consumer choice in content.